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CHAPTER ONE

Introduction

Why Global Teams is needed

Much has been written about globalisation. Much less has been written about global teams. Globalisation depends on small teams of people from across the world making things happen. These teams may be working on supply chains or R&D, serving a global customer, building a global service or product, running IT, risk, finance or HR for the firm. Global teams are the oil that helps global firms work.

Making teams succeed within one country is hard enough. Succeeding across borders is far harder. The challenges of making decisions, setting goals, communicating, building trust and managing the team are far harder when you are separated by time, language, culture and priorities.

If you look for practical help on how to run cross-border teams, you will find there is little help. There is plenty of advice on culture. That is useful, but it is not enough. You can learn how to exchange *meishi* (business cards) in Japan and that will help smooth your introductions, but it will not make your global team succeed.

The focus of *Global Teams* is to deal with the challenges which practising managers face:

- ▶ How can I influence decisions in a head office thousands of miles away where they speak a different language?
- ▶ How do I trade off our local goals and priorities versus the global priorities?
- ▶ Can I trust my peers in other countries to deliver on their commitments to me?

- ▶ How do I find out what is really going on and how it will affect me?
- ▶ Can I trust top management to support my agenda and me personally?
- ▶ How can I lead people who I do not see and are not like me?

The need for effective global teams is growing as globalisation grows. It will be increasingly hard for managers to succeed unless they have some global experience: the world is simply becoming more interconnected. A few simple facts will make the point:

- ▶ World GDP has grown at 3.5 per cent annually from 1972 to 2014: 2014 GDP is 4.4 times larger than it was in 1972.¹
- ▶ World trade has grown at 6.1 per cent annually from 1973 to 2011:² trade has grown tenfold in less than forty years. Trade growth has been consistently faster than GDP growth.³
- ▶ Growth in trade and GDP has been driven by the arrival of China on to the global market. Exports from China were just \$249 billion in 2000; by 2014 China exports reached \$2,342 billion: nearly a tenfold increase which saw it leapfrog the United States to become the largest global exporter. Over the same period, exports from the United States rose from \$780 billion to \$1,620 billion.⁴
- ▶ Growth in global communications has been faster than growth in GDP or trade. International telecoms traffic has grown in 20 years (1995 to 2015) from 70 billion minutes to 560 billion minutes.⁵ Nearly half of that traffic now comes from VOIP traffic, which was virtually non-existent 20 years ago.
- ▶ The growth in global communications has been mirrored by explosive growth in internet usage. In 1996 there were just 45 million internet users. By 2015 there were 3.4 billion internet users who now have the world at their fingertips.⁶

The need is now greater than ever for managers to know how to manage in a global economy. In the past, globalisation was a code word for spreading

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western practices around the world. First, the rise of Japan put paid to the idea that western management was the default mode of management. Now the rise of China means that there is more than one perspective on how to make things happen. The rise of India and

the rest of Asia is not far behind. Global now means global, not western practice spread around the world.

Why *Global Teams* is different

Global Teams fills a gap in our knowledge about globalisation. Most of the work on globalisation looks at challenges for the firm or the individual. *Global Teams* bridges the gap between firm and individual by focusing clearly on the challenges of the global team.

Early work on globalisation by Bartlett and Ghoshal looked at the firm-wide trade-off between global integration and local responsiveness.⁷ They then explored how that trade-off varied across the value chain. This is valuable work when looking at high-level organisation design and strategy, but it does not help team leaders and members in their day-to-day practice. Every day, team leaders face the challenge of bridging global and local needs. Bartlett and Ghoshal look at globalisation from the perspective of the firm: *Global Teams* looks at global working from the perspective of the team. Global teams soon discover that there is no trade-off between global integration and local responsiveness: they are expected to achieve both goals, even if they appear to pull the team in opposite directions.

More recently, Erin Meyer⁸ has produced invaluable work on cultural differences across the world, and has shown how they affect individuals.⁹ This helps individuals, but still leaves unasked questions about how the team can operate effectively. Culture is only one aspect of making a global team work. Global teams also have to work out how to build trust; how to communicate effectively; how to make decisions amid uncertainty, ambiguity and conflict; how to create clear and shared goals for the team; how to build a team with the right skills and values.

Global Teams fills the gap between the firm-wide challenges of global working (Bartlett and Ghoshal) and the individual challenges of global working (Erin Meyer). Helping global teams work is at the heart of making global firms work: this book represents a modest first step in addressing that need.

About the research

Global Teams is based on original research for a simple reason: there is no other substantive research to draw on. It has been a woefully neglected subject.

The book is based on work and original research with individuals and teams at over 80 global firms including:¹⁰

Accenture, Aegon, AIG, Airbus, ALICO, Allen & Overy, Amex, ANZ Bank, Apple, Armstrong Industries, AstraZeneca, Aviva, BAML, Bank Indonesia, Barclays, BASF, BNYMellon, British Council, Canon, Cap Gemini, Citi, Dentons, Deutsche Bank, Dow, EBRD, EDS, Education Development Trust, Electrolux, Facebook, Financial Times, Fujitsu, Google, HCA, Hiscox Re, Hitachi, HSBC, IBM, Ito Chu, JAL, Laird, MetLife, Mitsubishi Chemical, Mitsui OSK Lines, Mitsui Sumitomo Insurance, Monsanto, Nationwide, Nokia, Nomura, Nordea, NRI, NTT, P&G, Pearson, Pepsico, Philip Morris, Philips, Premier Foods, Qualcomm, RBS, RELX, Rentokil, Rolls Royce, SABIC, San Miguel, SECOM, Social Media,¹¹ Standard Chartered Bank, SWIFT, Symantec, Tetrapak, Tokyo Marine, UBS, Unilever, Visa, Warner Music, World Bank, Zurich Insurance as well as many smaller companies and NGOs including: Ares & Co, Arrowgrass, CRU, The Groove, HERE, House, Mandarin Capital, Modern Tribe, Opportunity Network, STIR, Vastari, World Faith.

In total, the research draws on research, work and experience from over 100 countries in a deliberate attempt to counter the western bias of most work on globalisation.

There were three elements to the research:

- ▶ Structured in-depth interviews with people working on global teams
- ▶ A short survey on global team effectiveness
- ▶ Workshops with select partner firms to find out how to improve global team working.

Throughout the research, the focus was on practical experience and real-life examples of what works and what does not. I was not looking for people's opinions or theories on global teams: I wanted the day-to-day reality of global teams.

Achieving a rounded view on global teams requires looking at them from different perspectives. The main perspectives of the research were:

- ▶ Hub versus spoke
- ▶ Team leader versus team member

- ▶ Western versus non-western
- ▶ Small versus large firms.

Each of these is explained briefly below.

Hub versus spoke

Global teams normally have a hub and several spokes. The hub is the centre of power, decisions and communications. This causes problems for people who are in the remote spokes. We are all the centre of our own universes, and everyone else is a bit player in our own life story. So it can be difficult when you discover that you are a bit player in someone else's world. Suddenly, you feel the challenges of trust, decision making and communications more acutely. Meanwhile people in the hub wonder whether they can really trust people on the spokes to deliver, and whether they can make the right decisions when the hub is asleep. Understanding both perspectives was central to this research.

Team leader versus team member

The team leader is often at the nexus of the global–local trade-off. He or she faces the challenge of bridging the distance between team members across time zones, language, culture, skills and expectations; bridging the distance between global and local demands; understanding and influencing decisions which affect the team but over which there is little control; shielding the team from the distractions which the ambiguity and uncertainty of global work bring. These are huge challenges.

In contrast, each team member relies on the rest of the team to perform, which raises questions about mutual trust, communication, decision making and accountability within the team. The team leader and team members may be working to a common goal, but they have very different perspectives on what matters and what they personally need to achieve.

Western versus non-western

Looking at much of the literature on globalisation, and on management, there is a clear western bias. As one Japanese interviewee put it: 'many western management books are translated into Japanese, so we have some idea about western ways. How many Japanese management books are translated

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into English?’ How many American managers have read a Japanese management book?¹² This can have devastating consequences. The Japanese rode to success largely on the back of absorbing and adopting Deming’s work on quality, which only came back to the West too late.¹³

In the past, globalisation was a code word for spreading western practices and business around the world. The rise of East Asia has firmly consigned that idea to history, but the literature is yet to catch up with reality. *Global Teams* starts that catch up process.

The research confirms many of the cultural differences explored by Meyer and others. But it also shows that many of the challenges of making global teams work are universal. The book explores the differences and similarities across the world. The research is intended to make sure that this is not another western-biased book on the challenges of globalisation.

Small versus large firms

The temptation in researching global firms is to focus on the big global firms. They are important and prestigious. But the future of globalisation does not belong to them alone. The future may well be with small start-ups. Facebook was a start-up at Harvard in 2004;¹⁴ by 2015 it had reached 1.6 billion monthly users.¹⁵

Research with smaller firms revealed highly innovative ways of working globally; they also brought into sharp relief some of the challenges of working across borders. Working without all the corporate life support systems that both enable and imprison us is a mixed blessing. Smaller firms are resource constrained. This makes them focus very clearly what they can gain from being global, and it makes them focus on how they can best manage across borders. They all make mistakes, but learn fast from them. This book captures that learning so that you can accelerate your learning process. It is less painful to learn from others’ mistakes than your own.

Sources

Throughout I have relied heavily on original research and I am hugely grateful to the many contributors who gave their time and insight. Wherever possible, I have identified them with their permission. In quite a number of

cases, the contributors have asked to stay anonymous. This is particularly true in banking where getting permission for saying anything requires approval from compliance, risk, corporate communications, legal, PR, and both product and geographic line management. That may say something about the current state of banking. I am grateful for the off-the-record interviews, and I flag these up as anonymous where I have to. In every case, an anonymous source is an original source.

I have also made anonymous any quotations or examples which could prove contentious for the individual or the firm.

Continuing the research

Understanding how global teams work is a huge task – there are a vast number of variables: nationality and culture of the team and firm; functionality and focus of the team; standing versus project teams; type of industry; type and size of firm; type of issue and challenge. If you put all the variables together and wanted to have a statistically valid database for each variable, you would need at least one billion data points. Big data helps, but only if you can generate the initial data points. So this research is likely to be work in progress for years to come. But even at this stage, the main themes and main challenges are clear enough to allow practising managers to see how they can raise their game with their global teams.

The next phase of research has two priorities:

- ▶ Understand how firms can move from current practice to best practice
- ▶ Deepen the level of understanding by geography and region.

Research will continue with a research partner programme which gives participating organisations simple and valuable tools to help them improve the working of their global teams. If you are interested in taking part, visit the www.teams.world website. I am also always interested in talking to individuals from around the world with relevant experience. Again, you can contact me at www.teams.world.

About the language

Globalisation is full of words which have quite precise meanings for people who care about them: global firms, transnationals, internationals,

multinationals, MNCs, MNEs, multilocals and many more besides. This research has shown that it is not necessary to worry about these different forms and names. Once you dig down to the practical level of a team working across borders, these differences no longer matter greatly. Teams in all these types of organisation are struggling with the same issues of leadership, trust, decision making and communications. The one place these names do make a difference is when looking at structures: Chapter 10 (Structure) explores the significance of these differences for global teams.

For this reason, I use the word 'global' to cover every type of firm which works across borders. It is a shorthand designed to make the book easier to read. In the interests of precision, I could refer to both global and cross-border teams: most teams that work cross border are not fully global. But 'global' is the word most people use, and so I follow common usage. Ease of reading trumps intellectual precision.

I also use the word 'firm' loosely. Where the case explicitly involves an NGO or not-for-profit organisation, I say so. Otherwise 'firm' is another simple form of shorthand to cover all the types of organisation which have been involved in this research effort.

There are myriad cultural perspectives globally, which require some simplification. One of the key differences is between what I have labelled the Anglo world and the rest. The Anglo world broadly encompasses North America, the UK and other English speaking nations. While there are significant differences within the Anglo world, I use this shorthand to point up differences with other cultures. Europe comprises several different cultural groups in management terms: Anglo, Germanic, Latin, Nordic and arguably France all have their own unique way of doing things. Similarly, it would be lazy and inappropriate to refer to an 'Asian' culture, when there are major differences between Japan, China, India, the Philippines and the many other cultures of Asia.

Finally, I describe two types of global firm: hub and spoke versus network. The hub and spoke has a powerful centre (the hub) with spokes that are largely independent of each other. All the communication goes through the hub. The alternative is the network where the hub (centre) is not so strong and all nodes in the network are more explicitly dependent on each other. The reality is that no global firm is exclusively hub and spoke or exclusively network: every firm is a hybrid between the two extremes. For the purposes

of this book, the contrast helps to highlight some of the challenges and opportunities of different forms of organisation structure.

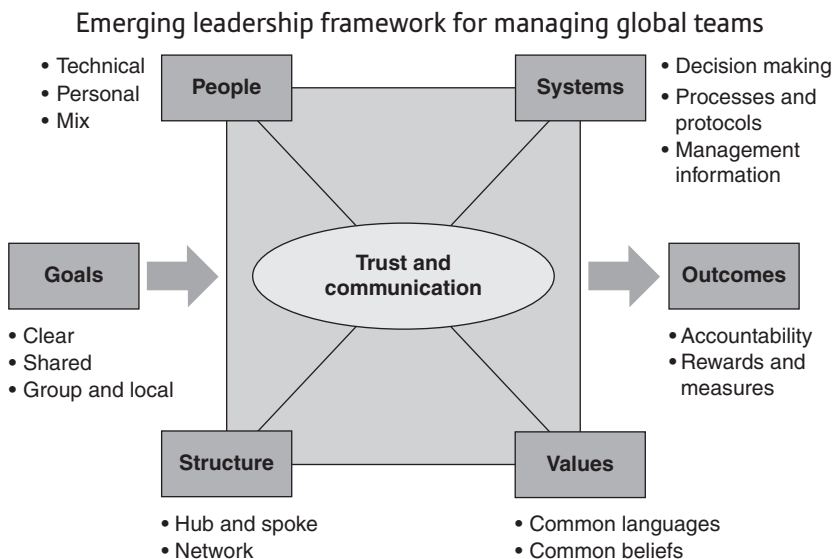
I have added a short glossary at the end of the book as a handy reference for you.

The structure and outline of *Global Teams*

By its nature, a book on global teams involves a wide variety of perspectives: different nationalities; hub versus spokes; team leader versus team member; different types of team. Exploring every perspective would be exhaustive, exhausting and ultimately confusing. There has to be some degree of simplification.

The book is divided into four parts. The first three parts offer a different perspective on the global team. Part four is a short conclusion about how you can improve the working of your global teams. If you want to cheat, read Chapter 2, 'What is special about global teams' and the conclusions first: they will give you a high-level picture of the book.

The book has been written so that each chapter stands on its own feet: you can read the book in any order you want. The figure below is an overview of the key themes and the structure of the book.



Part one of *Global Teams* looks at the perspective of the team leader, who is concerned with every part of the leadership framework in the figure above.

Part two takes the perspective of team members, who are in the middle bubble of the chart. Individual team members take the overall framework as a given, regardless of whether they approve of it or not. Their main concern is about trust (Chapter 4) and communications (Chapter 5) within the team.

Part three takes the perspective of the firm which has to create the context for the team to succeed. That means deciding on:

- ▶ Goals: clear goals and shared goals. Chapter 6
- ▶ Systems: decision making, accountability, learning and innovation. Chapter 7
- ▶ People: recruiting and developing the best talent. Chapter 8
- ▶ Values and culture: managing cultural distance. Chapter 9
- ▶ Structure: complexity, co-ordination and conflict. Chapter 10.

Part four pulls together the findings and conclusions from the rest of the book: Chapter 11.

Global Teams comes with a complimentary Skill Pill: 'I am... Global Team Leader'.

Not only will you have a quick reference to the book's key insights, you will also take away useful, actionable exercises, leadership tools and techniques to aid you as you form your global team.

A Skill Pill is a short motivational video that you can view on your smartphone, tablet or computer. Use the QR code below to access the skill pill directly or visit: www.skillpill.com/globalteams

